

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	73164	Agenda Number	42.
Meeting Date:	August 31, 2017			
Department:	Purchasing			
Subject				
Authorize negotiation and execution of two contracts, each with an initial term of three years and two, one year extension options, one contract with Sun Life Financial DBA Sun Life Assurance Company of Canada, or one of the other qualified offerors to Request For Proposals EAD0131, to provide a dental maintenance organization plan for City retirees, for a total contract amount not to exceed \$819,588, and one contract with Cigna Health and Life Insurance Company, or one of the other qualified offerors to Request For Proposals EAD0131, to provide a preferred provider organization dental plan for City retirees, for a total contract amount not to exceed \$13,451,204.				
Amount and Source of Funding				
Funding in the amount of \$1,710,988 is contingent upon approval of the proposed Fiscal Year 2017-2018 Operating Budget of the Employees Benefits Fund of the Human Resources Department. Funding for the remaining two years of the initial contract term and extension options are contingent upon available funding in future budgets.				
Fiscal Note				
A fiscal note is not required.				
Purchasing Language:	The Purchasing Office issued a Request for Proposals (RFP) EAD0131 for these services. The solicitation issued on March 27, 2017 and it closed on May 4, 2017. Of the seven offers received, the recommended contractors submitted the best evaluated offers. A complete solicitation package, including a response list, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: Solicitation Documents			
Prior Council Action:				
For More Information:	Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@ austintexas.gov NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Erin D'Vincent, at 512-974-3070 or Erin.DVincent@ austintexas.gov			
Boards and Commission				

Action:	
Related Items:	
MBE / WBE:	This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established.

Additional Backup Information

These contracts are for plan administration of the retiree dental program. The retiree dental program provides eligible City retirees an opportunity to purchase dental coverage for themselves and their dependents. This coverage is paid for solely by the retiree. The rate for Sun Life Financial DBA Sun Life Assurance Company of Canada (Sun Life Financial) for the initial three years of the contract are guaranteed and the same as the current rates for the retiree's dental maintenance organization plan. The rates for Cigna Health and Life Insurance Company (Cigna Health) for the initial three years of the preferred provider organization dental plan contract are guaranteed.

An evaluation team with expertise in this area evaluated the offers and scored Sun Life Financial and Cigna Health as the best to provide these services based on price, compliance to requirements, applicable experience and local business presence.

This request allows for the development of a contract with a qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

These contracts will replace the contract that expires on December 31, 2017. Approval of this contract needs to occur in August so both contractors have adequate time to prepare for open enrollment which begins in mid-October and ends in mid-November.

SUN LIFE FINANCIAL DBA SUN LIFE ASSURANCE COMPANY OF CANADA				
	Contract Term	Contract Amount	Contract Amendment	Revised Amount
Initial Term	3	\$ 478,346	n/a	n/a
Extension Option 1	1	\$ 167,329	n/a	n/a
Extension Option 2	1	\$ 173,913	n/a	n/a
TOTAL	5	\$ 819,588	\$ -	\$ -

CIGNA HEALTH AND LIFE INSURANCE COMPANY				
	Contract Term	Contract Amount	Contract Amendment	Revised Amount
Initial Term	3	\$ 6,893,349	n/a	n/a
Extension Option 1	1	\$ 2,989,612	n/a	n/a
Extension Option 2	1	\$ 3,568,243	n/a	n/a
TOTAL	5	\$ 13,451,204	\$ -	\$ -

